BREIFING BOOK

ANNUAL MEETING 1994

3/25/94

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

BUSINESS STATISTICS - 1993

Rev. 3/23

Operating revenue: $60.9 billion
Operating companies income: $9.3 billion
Net earnings per share: reported - $3.52
on-going - $4.58
Market price of common share: high $78.75, low $45.00
Closing price of common share year-end: $55.625

Contribution to PM total revenues and operating income:

(Operating Income numbers exclude adoption of SFAS #112)

1993	Revenues (%)	Operating Income (%)
Food	50%	38%
Tobacco	42%	55%
Beer	7%	4%
Capital Corp	1%	3%

PM USA	op. revenues: $10.2 billion, down 14.8% over prior year op. cos. income: $2.8 billion, down 46.0% unit sales: 194.7 billion (industry 461.1) share of U.S. market: 42% (34% in 1983)
PM International:	op. revenues: $15.7 billion, up 15.2% op. cos. income: $2.4 billion, up 17.0% unit sales: 459.7 billion, up 9.2% exports: 114.4 billion units
N. America Food:	op. revenues: $20.9 billion, up 3.0% op. cos. income: $2.4 billion, up 10.5%
International Food:	op. revenues: $9.4 billion, up 8.1% op. cos. income: $1.1 billion, up 4.1%
Beer:	op. revenues: $4.2 billion, up 4.5% op. cos. income: $358 million, up 37.7% share of U.S. market: 22%
PM Capital Corp & Mission Viejo:	op. revenues: $402 million op. cos. income: $250 million

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

GENERAL STATISTICS - 1993

	Amount
Advertising	$2.4 billion
Annual Meeting	$2 million
Annual Report	$2.80 per copy (print run of 1.2 million)
Audit Fees	$11.2 million (estimated, actual available in August)
Contributions	$55.5 million (philanthropic)
Corporate Aircraft	$28 million
Legal Fees	$113,030,521 worldwide outside counsel
R&D	$421 million

	Number
Corporate Aircraft*	11
Employees	173,224 worldwide
Board of Directors trips	4
Officers & execs, women worldwide	41 of 418 total
Officers & execs, minority "	33 " " "
Executives 18+	34 women (8.5%), 33 minority (8.3%) of 400 total

*Corporate Aircraft are:

2 Gulf Stream 4
1 Falcon 50
7 Hawker 125-800
1 Sikorsky S-76 Helicopter

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Responsible Drinking

1. What's Miller's position on responsible drinking?
   - It is never OK to drive drunk or with ability impaired.

2. What is Miller doing in the area of responsible drinking?
   - AIM (Alcohol Information from Miller), designed to promote responsible drinking. AIM includes TIPS (Training for Intervention Procedures by Servers of Alcohol) for bartenders, liquor store clerks, and vendors, which is designed to teach responsible selling and serving.
   - Responsible Event Plan, a manual for anyone planning a large party, picnic, or festival. The plan addresses what do to prevent underage drinking.
   - Media campaign including TV commercials and print ads reinforcing the message "Think When You Drink."

3. Is the industry effective in communicating its responsible drinking message?
   - Government studies indicate that there have been consistent declines in alcohol-related fatalities in the past 10 years, and cases of liver cirrhosis (a measure of alcohol abuse) have been declining significantly in the past 20 years.
   - Designated driver programs are used by about 2/3 of adults.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

4. Why the stepped up concern by the brewing industry about responsible drinking?

- Responsible drinking has been promoted for decades.
- Due to the efforts of groups like MADD and SADD, society's awareness of the problem of drunk driving has never been as great.
- The brewing industry has taken the lead in promoting server training and designated driver programs.

Drunk Driving

5. Isn't the brewing industry to blame when accidents are alcohol-related?

- It's a mistake to blame "the product" for alcohol abuse.
- The individual drinker is responsible for their behavior.

6. What is the brewing industry doing to support alcohol education programs to reduce drunk driving?

- Brewers are members of the National Commission Against Drunk Driving.
- Brewers support the US Department of Transportation "Buckle Up" campaign.
- Brewers support designated driver and free cab ride home programs.
- In the past 10 years, alcohol-related traffic fatalities have consistently gone down.

7. What's the brewing industry's answer to victims of drunk drivers?

- It's tragic.
- We support strict enforcement of existing drunk driver laws.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

8. What's your stance on drinking and driving? Can you still consume a beer and drive safely?

- Average adult beer consumer can have a beer and drive safely.
- Most states consider it a crime to drive with a blood alcohol content of at least .10%.
- Problem drinkers who have been arrested as drunk drivers have on average a BAC of .17%.

Blood Alcohol Content

9. Will the company support a proposed national goal of a uniform state blood alcohol content (BAC) standard of .08%?

(U)
- No. Most states have a blood alcohol content level of .10% because at that level of blood alcohol content, most people are impaired.
- The average drunk driver has a blood alcohol content level of .17%.
- Ten states have lowered the blood alcohol content level to .08%, but have no evidence that this has led to less drunk driving.
- 3 of the 5 states which reduced their BAC limits to .08% by the end of 1991 have experienced less success in solving the problem of drunk driving than the nation as a whole:
  - — **California**: Reduced BAC in 1990. The following year, the death rate for persons with BAC's over .15% increased. There was no change in the number of alcohol-related crashes.
  - — **Oregon:** Reduced BAC in 1983. In 1991, the state still had more alcohol-related fatalities per vehicle mile than the nation as a whole.
  - — **Maine:** Lowered BAC in 1988. Number of alcohol-related fatalities per vehicle miles rose between 1989 and 1990.

(Cont'd)

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

- Two nationwide studies of adult motorists showed that lowering BAC levels had little or no impact on drunk driving deaths. Lower BAC levels was the least effective of several strategies to reduce drunk driving. A combination of stiffer penalties for drivers with higher BAC would be a far more effective deterrent. (Dr. David Moore, University of New Hampshire)

Alcohol Content Labeling

10. What is your position on alcohol content labeling?
    - Last year the courts lifted a long standing ban on alcohol content labeling.
    - Alcohol content may now be placed on labels at the option of the individual states. We would prefer uniformity among the states' requirements.

Moderate Drinking

11. Will the company adopt the definition of moderate drinking used by the federal government in its "Dietary Guidelines for Americans" and use this in their public service announcements about moderate, responsible drinking?
    - No. It is between an individual and their physician to determine what is moderate consumption based on biological and other data, such as health, weight, height, gender, food consumed, time lapsed, etc.

Beer and Illicit Drugs

12. Is beer a drug?
    - Technically, yes. But while a "drug" is anything that can change the way our mind or body works, a person can legally and safely consume a can of beer without these altering affects.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

13. How do you respond to someone who links beer with illicit drugs?

- The main difference is you can legally and safely consumer a can of beer and not change the way your mind or body works.
- No long-term negative effects for the majority of adults who drink beer, as long as they do so responsibly. In contrast, very small amounts of illicit substances affect you quickly and drastically.

14. Do you advertise and promote alcohol during spring break?

- We advertise and promote in licensed premises attended by adults over 21 in spring break markets.
- We discourage those who are not 21 with print ads like "Good beer is properly aged, you should be too" and "If you're under 21, don't even think about it."

Underage

15. How do you respond to criticisms that Miller's commercials appeal to underage people?

- Miller's policy requires actors in our commercials be at least 25.

16. Isn't Miller promoting its products to an underage consumer through its sponsorships of National College Athletic Association (NCAA) games?

- No. The viewer profile of college athletics is essentially the same as that of professional sports. The vast majority of viewers are of legal drinking age or older (approx. 70%).

17. Do your distributors sponsor college events and advertise on college sports events?

- Some of our distributors have sponsorship programs with colleges in their markets with the approval of the school's administration.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Sports Marketing

18. What is the nature and extent of Miller's sponsorship of professional team sports?

- Miller is an official sponsor of both the National Football League and the National Basketball Association. The NFL and NBA sponsorships allow us to use official league and team logos on a variety of marketing materials.
- We also conduct several promotional programs - NBA All Star balloting and NBA draft and NFL Player of the Year - in conjunction with these sponsorships.

19. In addition to your league sponsorships, does Miller work directly with individual professional teams? What's the nature of these relationships?

- We have sponsorships with individual NBA, NHL, NFL and major league baseball teams.
- Sponsorships can include print and broadcast advertising, in-stadium or arena signage, team identified point-of-sale materials and the opportunity to participate in special promotions geared for adult fans.

20. Describe your network sports broadcasts advertising program.

(U)

- We have advertising arrangements with NBC for their NBA telecasts and with ABC and NBC for NFL telecasts.
- We advertise on ESPN's major league baseball telecasts.
- We advertise on ABC's coverage of the Indianapolis 500, on selected network and cable NASCAR and IndyCar broadcasts, and on network coverage of Pro-Beach Volleyball.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

21. Describe Miller's involvement in motorsports.

- Miller sponsors cars and races on the IndyCar and NASCAR circuits supported by advertising and promotional programs.

22. Some critics have been very critical of beer company sponsorship of motorsports—that such sponsorships target the undereducated and underaged consumer. What is your reaction to these criticisms?

- Our involvement in motorsports is designed to increase brand awareness among people, legal drinking age and older, who already have made the decision to drink beer.

23. Don't you consider Rusty Wallace and Bobby Rahal active athletes who endorse your products?

- We sponsor the respective racing teams for whom Rusty and Bobby drive.
- These drivers do not endorse our products.

24. What other sports is Miller involved in?

- Association of Volleyball Professionals pro beach volleyball circuit
- Pro Mogul skiing team
- Mexican National Soccer team
- Amateur bowling tournaments for adults conducted by the Bowling Proprietors Association of America
- We also sponsor the PGA Tour and three professional golfers through our non-alcohol brew, Sharp's.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

25. Miller Lite commercials popularized the use of professional athletes in advertising. How do you respond to criticism about the appropriateness of using athletes in beer commercials?

- The Miller Lite All Star campaign featured ex-professional athletes as well as other celebrities.
- We currently use Larry Bird and Pat Riley to help us convey our "Think When You Drink" messages to a broad audience.

Ice Beer

26. We've read about a possible BATF investigation regarding marketing practices associated with ice beers. Is Miller affected by this?

(N)
- Miller markets its ice beers in a responsible fashion and is in full compliance with all regulatory requirements.
- BATF regulations prohibit the marketing of beer on the basis of alcohol content.
- While the BATF regulation explicitly allows the depiction of an approved label with a statement of alcohol content, we have decided not to feature in our advertising the government-approved labels which depict the alcohol content.

27. Are you allowed to sell ice beers in Alabama and Mississippi?

(N)
- Yes. We are in complete compliance with the statutes in every state where ICEHOUSE is sold.
- Alabama and Mississippi are the only states limiting alcohol content in beer to 5% by volume and 4% by weight.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Leinenkugel

28. What about Leinenkugel's?

- Leinenkugel's has been brewed in northern Wisconsin since 1867.
- Brands are sold in 14 states and D.C., with core markets in the upper Midwest.
- Four brands are available year-round, with two seasonal beers – Leinenkugel's Bock and Leinenkugel's Winter Lager.
- We recently introduced Leinenkugel's Red Lager. Consumer demand has fueled $3.5 billion brewery expansion that will increase capacity 56% by September 1994.
- Retail sales increased by 15.3% in 1993.
- Market shares in key Minneapolis markets grew to 3.2% from 2.8%.
- Volume grew 10.1% in core markets during 1993.

Non-Alcohol Segment

29. Please give an assessment of the non-alcohol brew segment of your industry.

(U)
- The segment grew 11% last year to an estimated 2.6 million barrels domestically accounting for just under 2% of industry volume.
- Miller Sharp's was introduced in 1989, and has a 20% share of the non-alcohol segment.

International Market

30. Is there an increased interest in the international beer market by Miller?

(U)
- Our products now marketed in more than 75 countries, through exporting, exclusive partnerships and joint ventures.
- Increasing our global presence by new associate sponsorship of Team Lotus Formula One racing team and raw advertising buy on CNN's Latin American Network.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

FINANCIAL SERVICES *Rev. 3/8*

Mission Viejo Company

1. Why is PM, a consumer products company, in the real estate business?
   - PM diversified into real estate in 1970. The company has changed since then. We are now managing our way out of the real estate business.

2. Why is your real estate division within PM Capital Corporation?
   - PMCC can provide financing for homeowner loans and land purchases even in a difficult lending environment.

3. Is PM planning to divest Mission Viejo?
   - Yes, but we are completing current projects, and we are not investing in new land acquisitions. The land owned in our planned communities is expected to be sold to residential and commercial developers over the next ten years.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Retail Cheese Division

1. Does Kraft have a monopoly in the US cheese market?
   - No. Kraft has less than a 20% share of the 6 billion pounds of cheese sold in the total US market each year.
   - Kraft has a 43.2% share of scanned product that is found primarily in the dairy case.
   - In the retail segment, which includes scanned product as well as deli case sales, Kraft has a 31% share.
   - [Note: Industry composition is 38% retail, 39% foodservice, 18% industrial, 5% government.]

2. Has Kraft successfully launched any new cheese products in the last year? What types of new cheese products will Kraft pursue in the future?

(U)
   - We introduced:
     - Fat Free Philadelphia Brand Cream Cheese
     - Handi-Snacks Cheese and Breadsticks, and Cheese and Pretzels
     - Cheez Whiz Squeeze
     - new fat free slice flavors
     - Grated Cheese innovative container
     - entire line of 50% reduced fat products under the Kraft Healthy Favorites brand name.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

- New cheeses focused on particular usages to make them convenient:
  - Velveeta Italian
  - Kraft Naturals Pizza Shreds
  - Cheez Whiz Cheez 'N Salsa
  - Convenient packaging

Fat Free Products

3. What is Kraft's strategy with respect to Fat Free Cheese products?
   - We market Light and Lower Fat versions of our key brands. (Kraft Light Naturals, Cracker Barrel Light, Philly Light Cream Cheese products, Kraft Light Singles and Velveeta Light.)

4. Why doesn't KGF/PM introduce more fat free products?
   - Technology hurdle. Significant work must be done to make certain the product performs.
   - Taste
   - Labeling rules may limit our ability to identify the product as a fat free version.

Cheese/Dairy Pricing

5. There have been reports that Kraft General Foods controls cheese prices through the National Cheese Exchange. What is your company's position?
   - We don't. Supply and demand determine milk and cheese prices.
   - Kraft General Foods uses the National Cheese Exchange "opinion" as the basis for establishing bulk cheese prices.
   - Federal government has reduced support prices for dairy products. Prices for milk and other dairy commodities have become exposed to the forces of supply and demand.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

6. Why do shareholder groups keep challenging your behavior in the cheese market?

(U)
- Two shareholder groups would like to see higher milk prices
  - due to government regulations, or
  - by Kraft manipulating milk prices higher.
- Kraft believes that milk prices should be a function of marketplace forces of supply and demand.
- Kraft's acts must be in compliance with the law.

Note: Sinsinawa Dominicans and The Missionary Oblates of Mary Immaculate put forth the proposals.

7. Do we expect cheese commodity costs to fall or rise dramatically? What is our long term outlook?

- Cannot predict the supply and demand for cheese due to the uncertainty of key market variables such as:
  - weather
  - dairy herd size, and
  - pattern of government intervention.

Farm Legislation - Dairy Price Supports

8. What is KGF's position regarding milk price supports?

- We support reliance on the free market to determine supplies and prices of milk.
- If government intervention is necessary, targeted income support without control on production may be appropriate.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Farm Legislation - Export Programs

9. What is Kraft's position on dairy exports?

- KGF/PM supports US dairy exports.
- As barriers to trade are lowered, the US dairy industry is well placed to compete in global markets. US cheese exports grew 26% over the last couple of years, and we expect these trends to continue. As the leading cheese marketer in the US, KGF is well positioned to participate in these expanded markets.
- KGF supports market driven export programs that are consistent with our international obligations and do not jeopardize the continued availability of dairy products at reasonable prices for US consumers.

Farm Legislation - Milk Marketing Orders

10. What does PM/KGF think about the milk marketing order system?

- It is appropriate to provide a mechanism for dairy farmers to receive a blended price reflecting the use of milk for drinking as well as manufacturing.
- Certain aspects of the program tend to encourage milk production in parts of the country where it is not efficient.
- Continued refinement of the program by the USDA is appropriate.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

11. Haven't your company's actions reduced the price of cheese and hurt dairy farmers?

- Milk prices are now currently high, due in part to the flooding of last summer. But farmers have been hurt due to the volatility in milk prices resulting from the drop in government price supports without adequate programs to ease the transition. Price supports have dropped nearly 25% since 1981 as federal dairy policy moves toward a "free market" approach.
- For the past three years, we have supported an increase in the government's support price.

12. What is wrong with guaranteeing dairy farmers a decent living?

- Government subsidies do not guarantee farmers a decent living.
- Could result in over production.

State Dairy Trade Practice Laws

13. Does KGF/PM adhere to trade practice laws for the dairy industry?

- We comply with all applicable laws.
- Competition is better served by applicable general antitrust and unfair competition laws.

14. What are the results of the State of Wisconsin's investigation of the National Cheese Exchange?

- The investigation of the National Cheese Exchange by the Wisconsin Department of Agriculture, Trade and Consumer Protection has not been completed.
- No results have been announced.
- Kraft has committed no illegal or unethical acts.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

15. What was the FTC decision affecting Singles? What is the prospective business impact?

- The Federal Trade Commission entered an order finding that some 1985 Kraft Singles copy implied a misleading claim regarding Singles' calcium content vs. milk and analog products. This order has become final.

Cultured Products

16. How has integration of the Cultured Products Group into KUSA gone?

- We have integrated the former Cultured Products sales force into the KUSA sales force and have added the seven Cultured Products operating plants to the KUSA stable of plants.

Coffee

17. Why aren't you participating in the Gourmet coffee segment?

- Our Gevalia mail order coffee business with $100 million in revenue is the largest single packaged gourmet brand in the US. (Gevalia 1993 volume was 13% above 1992, following 21% growth in 1992 vs. 1991.)

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Bakery

18. Is the cake business growing?

- Cake growth strategies generated volume growth of 4.6% in 1993.
- Major contributors to this growth were:
  - Fat free growth
  - Entenmann's Singles rollout in Northeast
  - Effective advertising
  - Successful expansion to Wal Mart and K-Mart.
- We will continue these strategies.

19. What are your plans for Fresh Lender's Bagels?

(U)
- Rollout in 1994 for the remainder of the Northeast and Southern California.
- Watching Sara Lee's recent introduction of Fresh Bagels in California.

Cereal

20. General Mills has stated they are not raising prices yet, Post and Kellogg keep raising prices. Any comment?

- Our price increases are influenced by an evaluation of our total cost of doing business and the competitive framework.
- We focus on maintaining the price/value relationship of our products.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

21. How is Nabisco performing?

- Nabisco has been seamlessly integrated and has significantly exceeded our expectations.
- For 1993, volume was 76.3 million pounds and IFO was $52.1 million compared to Plan projections of 63.6 million pounds and $30.0 million, respectively.

Desserts

22. What are your plans for the RTE business?

(U)
- Recently launched shelf stable gelatin - Kraft Handi Snacks.
- Product achieved 94% trade acceptance with average 3.6 SKU out of four.
- Plans in place to defend against shelf stable entries which are reported to be coming from ConAgra and Hershey.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Dinners & Enhancers

23. What is the impact of private label on the Dinners & Enhancers division?

- Division has shown significant growth over the last several years, but growth slowed in 1993.
- Private label pressure is increasing due to distribution gains and price gaps as shown below:

	Private Label Share		*Price Gap Vs. Private Label*	
	1992	1993	1992	1993
Stuffing	9.9%	11.4%	51%	61%
Instant Rice	2.3	2.7	34	43
Coatings	0.2	1.2	61	61
Syrups	23.4	23.5	107	107

- We plan to restore base momentum by managing price gaps, improving the quality and nutritional profile, and enhancing packaging.

Oscar Mayer

24. What is Oscar Mayer doing to prevent E. Coli bacteria contamination?

- E. Coli is a bacterium found in warm blooded animals and is destroyed by thoroughly cooking raw meats.
- All food borne outbreaks have been linked to foods that have not been heated or foods that were improperly heated.
- Oscar Mayer processed meats are thoroughly cooked to an internal temperature of at least 155°F.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

25. During the year there were news stories of unsanitary procedures being performed at some meat packing plants. What is Oscar Mayer's position on this issue?

- Purchase high quality meat raw materials only from federally inspected meat plants.
- Each lot of raw material is again inspected for approval by us when it arrives at our plant.
- If our inspection shows that any shipment is not up to our standards, we dispose of it or return it to the supplier.

26. Oscar Mayer has closed its Sandusky, Ohio facility and recently downsized its Nashville facility. Why were these facilities shut/downsized? Are there further closings planned?

- Plants were closed/downsized to eliminate excess production capacity and reduce costs.
- To ensure that we are cost competitive, additional plant closings may be needed.

Budget Gourmet

27. There has been a lot of press about problems in the frozen meal category. How has the category and All American Gourmet performed?

- The frozen meals category has performed very strongly in 1993 with volume up 5%. That's the largest increase in the category in more than four years.
- AAGC's total volume has increased 15%, three times the rate of the category, driven by solid consumer advertising support for the Budget Gourmet brand and the introduction of a new line of pasta entrees "Budget Gourmet Special Selections."

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

KGF Canada

28. What is KGF Canada doing to meet the gaining popularity of club-size products?

- KGF Canada has established a separate sales and business organization to work with these new customers.
- We have created a number of new package sizes and formats to capitalize on this area. These are made available to all our customers at the same prices and terms. Sales of these new pack sizes were up over 20% in 1992, and a further 34% in 1993.

Kraft Food Ingredients

29. Is food ingredients an attractive business?

(U)
- KFI is an industry leader in supplying such value added ingredients as cheese, spray dried products, confections, vegetable oils and cheese analogs.
- Growth is driven by retail food trends towards taste, convenience, nutrition, value and variety.
- KFI provides synergies to KGF as a supplier, in improved plant utilization and in technology.
- Business review is in process.

30. Does KFI sell ingredients to KGF competitors?

- KFI sells products to most major food processors in the US.
- KFI does not sell any products which would give a competitor an advantage over KGF.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

31. Does KGF participate in the private label segment of the food industry?

- KFI does manage a portfolio of private label business in categories where we do not have branded entries such as vegetable oils, pan sprays, and non-dairy creamers.

32. What is BerZerk Candy Werks?

- BerZerk Candy Werks is a small entrepreneurial business within KFI, focused on children's novelty candies. Products include *Candy Caller*, introduced in May 1993, which sold over $11 million by year-end.

Productivity

33. What is the degree of coordination between Kraft USA and GF USA?

(N)
- Since 1989, KGFNA, excluding KFI, has achieved synergy savings totalling $1.5 billion by 1993, and plans to achieve an additional $1.1 billion by 1996.
- Reduced number of operating groups.
- Reduced sales forces from 5 to 2.
- Integrated logistics/distribution, manufacturing, R&D.
- Eliminated redundancies.

34. What is the capacity utilization rate at KGF's plants?

(N)
- Capacity utilization was approximately 50% on a six-day, 24 hours per day operating basis in 1992 (latest data).
- In 1993 closed 8 plants and consolidated departments across other plants. Two or three other major plants will close this year. As a result capacity utilization rates will improve by 10 to 20 percentage points in affected categories.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Kraft Foodservice

35. What is the representation of other KGF products in your warehouses?

- KGF Products account for 21,056 SKU's out of the 200,000 SKU's in the Kraft Foodservice Network. The majority (67.0%) of the SKU's are from General Foods and Oscar Mayer.

36. How much of KGF's sales goes through our foodservice business?

(N)
- KFS had 1993 sales of $3.9 billion. Approximately 20% consisted of KGF manufactured product.
- Combined sales of the foodservice divisions of Kraft USA, GF USA and KGF Canada totaled $1.4 billion.

37. To what extent is your workforce unionized?

- Kraft Foodservice has 42 locations and 12 are unionized as of December 1993.

38. Any divestitures planned for 1994?

- No divestitures are planned for 1994.

39. What are your new facility plans for 1994?

- Plan to expand several facilities, and are evaluating new facilities at a few existing locations that are not expandable.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

BST

40. Is the FDA the only agency that says BST is safe for humans?

- No. Regulatory agencies in over 20 countries, including the United Kingdom, Canada, France and Germany, have authorized BST as safe for human consumption.
- Other health and medical groups have certified that BST is safe. (American Medical Association, American Dietetic Association, National Institutes of Health)

41. What is BST?

- BST is a naturally occurring protein hormone, Bovine Somatotropin, that is in all beef animals.
- If given to cows it can help increase milk output.

  [Note: BGH and BST are the same.]

42. Will Oscar Mayer use beef with BST, the Bovine Growth Hormone?

- Yes.

43. Will KGF use milk from cows treated with BST?

- The FDA approved the use of BST in November, 1993.
- If farmers choose to use BST, we see no reason to reject the milk.
- Because the milk is the same, there is no way to test for milk from supplemented herds.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Biotechnology

49. Do you use bioengineered foods in your products? Will you use them in the future?

(U)
- Virtually all of the world's food supply has been "bioengineered" through plant and animal breeding improvements.
- In the currently popular use of the term, however, there are few bioengineered foods available for use in products.
- KGF will consider its options for those products that have FDA approval.

Irradiation

50. Do you use irradiated foods in your products?
- We do not currently use the irradiation process.
- We have no current plans to use irradiation or irradiated ingredients.
- We have many other ways to ensure the safety of our products.
- Given the nature of our product line, irradiation does not represent a major opportunity for us.

Animal Testing

51. Do you do any animal testing?
- KGF does not do any animal testing inhouse.

52. Do you contract for animal testing and if so, where?
- We do the work at internationally recognized laboratories conforming to the highest national and international standards.

2022990795

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

53. Can't you find a way to stop the practice?

- KGF contributes to research aimed at trying to identify alternatives to using laboratory animals.
- We are not able to fulfill our ethical and legal obligations without the use of laboratory animals, now or in the near future.

54. Is Oscar Mayer sensitive to Animal Rights and Animal Welfare issues?

- Oscar Mayer purchases meat and poultry ingredients from processors who certify compliance with USDA Humane Slaughter Laws and Regulations.

55. Oscar Mayer grows and processes turkeys. Do they follow good animal welfare practices?

- Yes. All company grown turkeys are produced under appropriate housing and feeding practices.
- All turkeys are processed and handled in compliance with USDA Humane Slaughter Regulations.

Kraft General Foods International

56. What has been the real growth of your business, both unit and income, excluding acquisitions, divestitures and currency?

(N)
- Base business volume growth (89-92) approximately 3% CAGR.
- IFO growth (88-92) is 10.5% excluding currency impact. Including currency, IFO growth is 12%.

57. Do you plan to bring any European products to the US?

(N)
- Lite coffee concept originated in Europe.
- Soluble cappuccino concept introduced in the US under the Maxwell trademark.

2022690796

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Europe

58. How large are the markets in Europe for your three leading products - coffee, confectionery and cheese? What is your share? What are your margins?

(N)
- Coffee, confectionery and cheese are staples in the European diet.
- We have number 1 share positions in all categories.
- Coffee category is $13-15 billion in size. We have a 27% share in the roast & ground segment. Margins above 10%.
- Chocolate is $19 billion in size. We have a 17% share in continental Europe with a niche position in the UK. Margins approximately 10%.
- Cheese is $40 billion in size. We have a 41% share in the process cheese segment and a 40% share in the cream cheese segment. Margins approximately 10%.

"Dolphin-Free" Tuna

59. Do Kraft General Foods' products in Italy, Mareblu, use only "dolphin-free" tuna?

- Yes.

2022990797

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Emerging Markets

60. How are we capitalizing on the opportunities in Russia and Eastern Europe?

- We export Jacobs Suchard coffee and confectionery and other food products into Russia and Eastern Europe.
- We recently signed agreements to acquire:
  - the Kaunas confectionery company in Lithuania
  - the Republika confectionery company in Bulgaria
  - the Chorzele Cheese company in Poland
  - the Poiana confectionery company in Romania
- We have made significant acquisitions in Hungary (Csemege), in Slovakia (Figaro), in Poland (Olza), and in the Czech Republic (Dadak).

61. Do you have a business in Yugoslavia? Is this at risk?

- We do not have an in-country operation in Yugoslavia.
- We continue to export product to Yugoslavia
- Tonnage has dropped off each year since 1991 when we sold nearly 2,000 tons of product.

62. What type of food businesses do you have in Asia?

(N)
- Business focused on core categories of coffee, confectionery and cheese.
- Sizable grocery business selling products such as Tang.

63. How large is your Latin America food business?

(N)
- Contributes $500 million in revenue and is highly profitable.
- Seeing increases in consumer purchasing power in our key countries: Argentina, Mexico and Brazil

2022990798

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Joint Ventures

64. Are you involved in any joint ventures?

(N)
- Turkey with Sabanci as our partner.
- 50/50 joint ventures in Japan and Korea.
- PRC: 3 joint ventures where we have majority equity positions for the sale of Maxwell House Coffee, Tang and Kraft dairy products.
- Latin America confectionery:
  - Brazil: 2 joint ventures operating under the names of Q-Refres-Ko and Lacta.
  - Columbia under the name of Colombina.
  - Costa Rica under the name of Gallitos.

65. Doesn't KGFI's expansion into developing areas of the world encourage people to adopt the unhealthy eating habits of Americans?
- We are in the business of giving consumers what they want — not dictating their needs and preferences.
- We produce food products of the highest quality, safety, hygiene, and nutrition for consumers who wish to buy them, wherever they live.

Private Label

66. Are there large price gaps in Europe between branded consumer goods and private label products?
- European price gaps have been at the same order of magnitude as the US experience.

2022907799

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

67. How large is private label in Europe in your main categories?

- Private label shares have traditionally been higher in Europe than in the US, but they are not growing.
- The importance of private label products varies by country and by category.
- Private label is not a major threat in Roast & Ground coffee and confectionery. (Excluding the trade that is "closed" to us such as Aldi in Germany.)

Irradiation

68. Does KGFI sell irradiated food anywhere in the world. What is the corporate position?

- The World Health Organization estimates that widespread use of irradiation would save $1 billion annually in costs now associated with the treatment of trichinosis.
- Consumer concern and unease is such that we have decided, for the present, to avoid the use of irradiation on our food products.
- We support continued research in this technology and education to increase consumer understanding and support.

00806622202

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Animal Testing

69. What is the corporate position on animal testing? Is animal testing used by KGFI?

(U)
- When biological testing is necessary, all research is conducted in the US and supervised by officials with training and experience in animal care and is conducted in facilities which meet or exceed national standards as established by the US Government or the American Association of Laboratory Animal Science.
- The company supports ongoing research to develop alternative methods of biological testing.

Price Hedging

70. What are your largest raw materials, and do you hedge their prices?

- Our largest raw materials are coffee, cocoa, and milk.
- We utilize hedging strategies on coffee and cocoa.
- We are unable to hedge milk prices because it is a locally-controlled commodity in the EC, and there is no futures market.

2022990801

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

US Sugar Program

71. What is the KGF position regarding the US Sugar program?

- The program causes artificially high prices for sugar through import quotas and marketing allotments that create imbalance between supply and demand.
- In the 1990 Farm Bill, Congress adopted mandatory marketing allotments which were announced for the last quarter of FY93.
- We registered our opposition to allotments through the Sweetener Users Association, and provided industry support for the announcement by the Secretary of Agriculture on September 30, 1993, that marketing allotments would not be imposed for the first quarter of FY94.

72. Is there an opportunity in the near term to modify the domestic sugar program?

- The Omnibus Farm bill will be up for reauthorization in 1995, and the sugar program will be targeted for reform.
- Congress has shown an increasing dissatisfaction with agriculture subsidy programs.
- Growing divisions exist between the domestic sugar growers and processors for the future direction of the sugar program.

ECR Impact on Independents and Wholesalers

73. What opportunities does ECR provide for the independent?

- ECR provides the independent with a more efficient cost structure to bring better value to customers.

2022290802

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

ECR Change and Benefits

74. Doesn't ECR go beyond the installation of scanners and imply the type of change for the industry that goes way beyond any ordinary advancement in technology?

- Two-thirds of the ECR savings, or $20 billion, can be achieved with current technology.
- The challenge is changing businesses practices.

75. In your opinion, does the ECR project solve the problem of maintaining a level playing field on deals and allowances for the independent operator and his wholesaler? If so, how? If not, why not?

- The ECR vision for promotions is that they are more efficiently executed through Point of Sale/scan capabilities.
- The current sea of inefficient trade dealing will evaporate and with it most, if not all, level playing field issues.

76. Why did the Uniform Commercial Standard (UCS) concept lose its momentum and why should one believe that ECR will live up to its potential in the food industry?

- UCS lacked a vision to drive it. ECR is a complete vision of a more effective system.

77. Will independents be willing to share their Point of Sale scan data with their wholesalers? And with their manufacturers?

- Over time more and more independents will see the value of a supply chain that is driven by Point of Sale/scan data.

2022990803

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

KGF and ECR

78. What are KGFNA's plans to take advantage of ECR growth?

- We are focusing our energies on 3 areas:
  - Changing our business practices to take advantage of EDI (Electronic Data Interchange) capabilities to exchange critical market and transaction data with our customers;
  - preparing to assist customers as they adopt the category management approach to selling products; and
  - taking advantage of the formation of KGF Customer Service, Incorporated to provide a wide-range of distribution options that only a company like KGFNA can offer.

Microbial Contamination/Hazard Analysis Critical Control Point (HACCP)

79. What is HACCP and what is the impact of USDA and FDA regulations for HACCP on Oscar Mayer?

- Hazard Analysis Critical Control Point (HACCP) plans are tools designed to identify and control know food safety risks in conversion and distribution processes.
- USDA and FDA are proposing regulations for HACCP which will be applicable to our meat processing business.
- Oscar Mayer has, on a voluntary basis, established a plan to implement HACCP in all plants in 1994.
- The impact to current conversion and distribution systems will be minimal because HACCP plans are an enhancement to OMFC current USDA approved Total Quality Control programs.

2022990804

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

USDA Food Safety

80. Does KGF support the recommendations of the Vice President's Task Force on Reinventing Government that calls for transferring the food safety responsibilities of USDA, now carried out by the Food Safety and Inspection Service (FSIS), to the FDA?

- Current meat and poultry inspection system is outmoded.
- It does not provide adequate public health protection.
- It is greatly in need of reform.
- The required reform can be carried out effectively by the Department of Agriculture.

Temporary Emergency Food Assistance Program (TEFAP)

81. Does PM/KGF support emergency food assistance programs such as TEFAP?

- It is appropriate to distribute surplus food for humanitarian purposes in foreign disasters.
- Domestic distribution must be managed very carefully to avoid distribution of food to non-indigent and thereby disrupting the entire food distribution process in the US.
- Food stamps are a better way to handle distribution to the poor in the US.

2022990805

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

GENERAL OPERATIONS

Rev. 3/23

Corporate Aircraft

1. Why does PM need an Aviation Department?
   - 2 primary reasons:
     - Many locations in the US and in Europe are difficult to reach via commercial air, and it allows us to travel in developing regions of the world not supported by reliable commercial airlines.
     - Greater level of security for senior management.

2. How many corporate jets does PM have?
   - 10 jets, 1 helicopter.
   - We had 14 last year.

3. How much does the corporate aircraft program cost?
   - Project $24 million for 1994 (OB).
   - Down $9 million from 1993 OB (1993 actual was $28 million).

Headquarters Costs

4. What is the corporate headquarters doing to keep costs down?
   - In all cases 1994 operating budgets are less than the 1993 budgets.
   - Due to the early retirement program offered in 1993 and elimination of open positions; headcount is down 100 positions (1993 year-end headquarter headcount is 972).
   - All functions are looking to further reduce costs.

2022990806

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Smoking Policy

5. Does PM have a smoking policy? If so, what is it?

   - Yes, we do. In a nutshell, it is a policy based on respecting the rights of non-smokers and smokers, courtesy, mutual respect, and accommodation.
   - Our policy, "A Guideline to Accommodating Smoking," is available.

6. What is PM doing for its employees who are exposed to ETS in the workplace?

   - We do not believe ETS is harmful.
   - We accommodate both smokers and nonsmokers in our workplaces.
   - The maintenance of our ventilation systems meets or exceeds current HVAC standards as established by the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE).

Burma

7. Do you carry on any business dealings in Myanmar (Burma), whose government has a history of human rights abuses?

   - No.

2022990807

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Vietnam

8. Does PM have an office in Vietnam? Does PM support the lifting of sanctions in Vietnam?

(U)
- PM has established a representative office and we are evaluating opportunities to make our products available in Vietnam. Nothing has been finalized.

India

9. With the recent liberalization of the economy in India, will foreign investments increase? Is PM planning to increase its presence in India?

(U)
- We are looking at several alternatives to increase our presence in India.
- We are already present in India with 35% ownership of the second largest cigarette company, Godfrey Philips of India. We are not marketing Marlboros at this time.

2022990808

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

People's Republic of China

10. Do you do business in the People's Republic of China? Do you think the PRC, with its abusive human rights record, should be "rewarded" by western companies for the sake of profit?

- Yes. We are in compliance with the policies of the US State Department regarding the PRC.
- With a population of 1.2 billion, it's essential that we increase our presence there as our principal competitors have and continue to do so.
- To date, we have established 3 joint ventures:
  - coffee (Maxwell House) with the Guangzhou Dairy Products Factory,
  - powdered beverages (Tang) with the Great Wall Food Company in Tianjin, and
  - KGFI with Beijing General Corp. for Agriculture, Industry, and Commerce to start a joint venture dairy plant.

11. How have the recent "Most Favored Nations" (MFN) developments affected our current business in China?

(N)
- It is still too early to determine how these negotiations will affect our business, and it is our policy generally not to comment on geopolitical topics.
- We support free and open trade and will continue to abide by the laws and regulations set forth by the US government.

2022990809

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

12. What does the recent cooperation agreement represent in terms of PM's potential tobacco business in China?

- There are 3 phases to this agreement:
  - production of a brand for export,
  - production of Marlboro for the domestic market, and
  - production of other brands for both domestic and export sales.
- We expect most of this to begin this year.
- With over 300 million smokers, China is the largest cigarette market in the world.
- Currently, the Chinese monopoly alone accounts for almost 1/3 of the world's cigarette production. International companies currently hold only 1% of the market.

South Africa

13. What is your outlook on South Africa?

- Our KGF and Jacobs Suchard businesses have licensing agreements in South Africa, but royalties are relatively insignificant.
- Philip Morris International has existing arrangements in South Africa also.

2022980810

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

PM USA

1. What are the biggest risks to PM USA 's growth outlook.
   - Price competition due to aggressive support for private label and other low priced products.
   - Widening price gap between premium and discount brands.
   - An increase in the FET.

Market Share

2. What is PM USA's position in the industry; its share of market?
   - Market leader since 1983.
   - Shipment share of market in 1993 was 42.2%.
   - The best selling premium and discount brands in the industry.
   - Marlboro shipment share in 1993 was 23.5%, largest brand.
   - Basic, third largest brand and the largest discount brand, 5.3% shipment share.

2022990811

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Price Reduction/Marlboro Friday

3. Is PM USA satisfied with the outcomes of the price reduction?

(U)
- Yes, broad scale Marlboro price promotion announced April 2, 1993, and list price reduction in August, reduced absolute prices to 1990 levels and closed the gap.
- Marlboro gained 4.9 Nielsen share points between March and January, and increased to a record high of 26.9% SOM.
- Other premium brand shares climbed to 9.2% in December.
- Discount category declined 5.1 points from March to 32.6% in January.
- Basic increased market share to 4.6%, best selling discount brand.

4. What is PM USA doing to make sure the same situation won't be repeated?

(U)
- Building brand equity.
- Managing premium/discount price gap.
- Balancing price value relationship of trademarks.

5. How has PM USA adjusted to the new environment since August to ensure future growth?

- Investing in our brand franchises with marketing programs.
- Restore and build equity and value to the consumer.
- Watching the price gap to ensure stability.
- Streamlined business processes:
  - — Number of cigarettes produced per labor hour increased 5%.
  - — Factory utilization rates increased.
  - — Total manufacturing cost per thousand decreased 4%.
- Productivity improvements of $358.6 million in 1993, with $285 million budgeted for 1994.

2022990812

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

6. How great of an affect did inventory reduction by wholesalers and retailers have on PM USA volume.

- Inventory reduction for PM USA about 3.4 billion units (about 1.7% of total sales in 1993).
- The wholesale trade accounted for about 2.2 billion units and the rest was accounted for at retail.

7. What do you expect industry shipments to do this year?

- The industry has been declining since 1981.
- Industry will continue declining at an annual rate of 2% – 2.5%.

8. Won't lower prices induce teenagers to buy Marlboros?

- We have no evidence that it will.
- None of our research deals with people under the legal age who purchase cigarettes.
- None of our marketing activities are directed at people who are under 21.
- We proactively support legislation that makes smoking illegal for those who are under 18.
- We work with retailers to make sure they understand and obey the law ("It's The Law").

2022990813

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

9. What would have happened if you had made none of the changes that you announced on April 2, 1993?

- We believe discount growth would have continued to accelerate to the detriment of Marlboro and our other premium brands.
- If trends from June 1992 through April 1993 had continued and we hadn't taken action on April 2, Marlboro's share would have fallen to 19%-20% by year-end. The discount category, had trends continued, would have increased to about 46% of the market.

10. What impact did the change in strategy announced on April 2, 1993 and the subsequent price reductions have on industry volume?

- Both the retail and wholesale trade adjusted inventories downward.
- Estimate total inventory corrections accounted for 23 to 26 billion units.
- Year end LIFO program in November 1993.

11. What was the price gap between premium and discount cigarettes before your announcement, and what is it now?

(U)
- In convenience stories, Marlboro's pack price has fallen from $2.23 in March 1993, to $1.92 today.
- Discounts has risen from $1.18 to $1.35.
- Price gap has been cut in half from 89% to 42%.

Discount Brands

12. How will PM USA increase profitability at the low-end.

- Build discount brands with equity.
- Raise prices where possible.
- Reduce costs to improve discount brand margins.

2022290814

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

13. Are there any significant changes occurring in the discount category? If so, what are they?

(U)
- Manufacturers are building brand equity by offering consumers more than just price in a product.
- Three *branded* discount products have separated from the pack: (Basic, 4.6%; Doral, 4.5%; GPC, 4.5%)
- Basic launched an advertising campaign in the 3rd qtr. '93. Program offers consumers added value in addition to lower price.
- Distribution of private label brands has leveled off.
- Some retailers now have their own cigarette brand.

14. How are your discount brands doing?

- PM USA 's share of the discount category grew 1.3 points in 1993.
- Basic is the #1 discount brand with a 4.6% share in January and the #3 brand in the industry behind Marlboro and Winston.

15. What is the profitability of your discount brands?

(U)
- Discount brand profitability is lower than Marlboro and our other premium brands. Profitability has increased vs. '93.
- [PM USA budgeted following net contribution margins for 1994]:

Marlboro.....	$25.93	Basic.....	$10.20
Total Discount.....	$9.84	Private Label.....	$7.69

- [Change in net contribution margins vs. 1993]:

Marlboro.....	+ $2.57	Basic.....	+ $7.33
Discount.....	+ $5.32	Private Label.....	+ $4.65

2022990815

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

16. Are you price promoting Basic right now because you are losing share in the discount category?

(U)
- Basic remains the #1 selling brand in the discount category and the #3 brand in the industry.
- Basic's share is down, but the entire discount category's share is down.
- Promoting only where price competition is severe and Basic is losing share.

17. Could you confirm the shift of funds from Basic's ad budget to Virginia Slims'? Do you think this will affect PM's ability to compete in the discount market?

- Not true. Virginia Slims has its own budget and plans, and Basic has its own budget and plans.

Private Label

18. What threat do private label brands pose to PM USA brands?

(U)
- Private label products grow when the economy is bad or when prices of brand name products are too high.
- Prior to August 1993, private label cigarette sales grew because the price difference between premium brands and low priced cigarettes was too big.
- Private labels, which peaked at 10.4% of the industry in May 1993, have since declined.
- In January Nielsens, the private label segment was 7.5% share of market.
- Since price reduction, private label share declined and our branded products grew.

2022290816

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

19. Is PM USA in the private label business?

- Yes, we participate in all segments.
- Valuable partnerships can be established with the trade through the private label business.

Marketing Promotions

20. Have costly programs like Marlboro Adventure Team been effective?

(U)
- Yes. Marlboro Adventure Team was the biggest consumer promotion in the history of the industry.
- An estimated 16.8 million smokers collected MAT miles.
- MAT was successful at increasing Marlboro's share. Reinforced brand loyalty.
- Received over 6.8 million mail receipts for 28 million items.

21. You mentioned that PM USA operating income was down because of lower cigarette pricing and your "substantial marketing investment in Marlboro." How much did you spend on the Marlboro Adventure Team promotion? What were some of the other marketing expenditures?

(U)
- Will not discuss our marketing expenditures for competitive reasons.

  (**Confidential**: Cost of MAT: $450 million)

22. Did MAT add two million consumers to your database?

- We consider that information proprietary.

23. How many people are on your database?

- We consider that information proprietary.

2022990817

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

24. If MAT was successful, why are you ending it? What is the new gear continuity program that you are offering consumers?

- MAT was successful because it was new and different. Promotion, by its nature, is short-term and pulsed.
- Starting this month, we will offer a thematically different continuity program, Marlboro Country Store.

25. When will the backorder situation for MAT gear be rectified?

(N)
- TK

26. Why did PM USA run different ads for smokers and non-smokers in December's People magazine?

(N)
- We are evaluating the effectiveness of selective binding (customized use of magazine circulation to reflect advertiser's ideal audience).
- Tested in December in Time Inc's magazines (Sports Illustrated, People, and Time).
- Our advertising ran in all magazines, but the ads that appeared in magazines corresponding to smokers were different.
- Our objective is to deliver more sophisticated offers and specific messages to smokers.
- Results of the test indicate that the right ads went to the right people.

2022290818

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

27. Gary Black estimates that PM's marketing budget is $1.1 billion, $500 million lower than last year. Can you confirm these figures? How will the budget cuts affect promotion of PM brands?

(U)
- Do not comment on budgets or financial issues.
- Continue to support each brand with equity-building marketing programs.

Confidential:

- Marketing budget 1993: $2,031 million 1994: $1,211 million
- A number of one-time items inflated 1993 marketing expense Including Marlboro price promotion; price reduction payments to accounts holding inventory at the time of August price reduction.
- 1994 marketing expenditures more in line with '91 and '92 levels.

28. What's the news about your other premium cigarette brands — new campaigns, new promotions, new products, new price initiatives? Brand or line extension contractions, expansions?

(U)
- Merit launched a new advertising campaign "Yes you can!" in 4th qtr. 1993 to reinforce its position as a lower tar cigarette with premium taste.
- Parliament revised its advertising in the Northeast and instituted local events to support the brand among its young adult consumers.
- In 2nd qtr., Benson & Hedges will launch a new campaign (The Length You Go To For Pleasure) reinforcing its historical position as the premium quality 100mm cigarette.
- Virginia Slims advertising has been updated to appeal to today's women.

2022990819

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Retail Masters Program

29. What is the Retail Masters Program, and how much does it cost?

(U)
- Retail Masters provides retailers with monetary incentives for managing the cigarette category using the following principles:
  - Allocating space according to share.
  - Managing premium vs. discount.
  - Promoting the category.
- Cannot comment on the cost of the program for competitive reasons.

  (**Confidential**: 1994 plan is budgeted at $455 million. Estimated to penetrate 73% of C-stores and 66% of supermarkets reflecting consumer preferences for packs).

Inventory

30. What are your domestic trade inventories? How does that compare with trade inventories at the end of 1992?
- Year end 1993 wholesale inventory levels were as little as 2—3 days up to few weeks depending on the customer.
- Year end 1992, they were at 3-4 weeks.

31. What will be your target inventory levels for 1994?
- We do not set targets for inventory levels.
- Maintain appropriate levels of inventory of our products to avoid out of stock situations at retail. We closely monitor this situation.

2022990820

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Plant Tour

32. Why did you eliminate the Plant Tour Program?

- Revised the tour program, making it a more focused and effective tool, while reducing costs and making the operation more efficient.
- Eliminated the **public** plant tour program.
- Created the expanded **business** plant tour program to build relations between PM and a wide range of customers, suppliers, public officials, news media, farmers, international business, government officials, and similar groups.

2022990821

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Single Source Vendor Program

33. The PM Single Source Vendor Program is costing small vendors in the Richmond area thousands of dollars worth of business. Can you explain the rationale behind moving to large single source vendors, at the expense of small local vendors?

- More and more corporations are developing partnership arrangements with their vendors in an effort to reduce cycle time and costs while ensuring a high level of quality.
- A single source vendor system does not, however, necessarily hurt small businesses.
- Business that is shifted to fewer, larger vendors means that those vendors will be purchasing more goods and services, and will be creating more jobs to provide us with the goods and services we need. In many instances, large vendors purchase their goods from smaller companies.
- While there may be some short-term disruption, long-term, as our business becomes more efficient and profitable, we buy more goods and services, thereby creating a positive economic climate in the communities in which we operate.

Note: No indication that any vendors are attending meeting.

2022090822

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Tobacco Crop Conversion

34. Is Philip Morris helping farmers convert to other crops?

(N)
- No. No need to.
- For generations farmers have been making the kinds of decisions required to maximize their profits.
- When farmers perceive it is to their economic advantage, they pursue supplementary forms of income without outside aid or interference.

Federal Price Supports

35. Why does PM USA support the federal tobacco price support program?

- The tobacco price support program assures a steady supply of tobacco at relatively stable prices.
- Producers and purchasers share in the costs of the tobacco program so the program has no net cost to the taxpayer (except for routine federal administrative costs).

  (Federal tobacco program: Federal government assigns certain levels of price support to each grade of tobacco at auction, i.e. a minimum price farmers will receive per pound of certain types of tobacco. The program provides farmers a stable and reasonable rate of return for their product while purchasers are able to make more accurate projections of their costs for the tobacco they buy.)

2022990823

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Smoking Accommodation

36. What is PM's position on smoking in restaurants, offices and other public places in light of the EPA's risk assessment?

(U)
- As of 1993, 26% of American adults were smokers.
- We support accommodation of smokers and non-smokers in public places and in the workplace.
- Nearly 66% of respondents to a national survey favor accommodation of smokers and non-smokers in restaurants and other public places.

37. What are you doing to address the increasing number of smoking bans in the US?

- Launched The Accommodation Program (provides hotel and restaurant owners, store owners, shopping mall management and other decision makers with a reasonable alternative to smoking bans. Successfully field-tested in Pittsburgh, the program is now being implemented nationally).
- Inform activist smokers through "Smokers Advocate" and "Smokers Caucus" newsletters.
- Active government affairs field staff.

38. What is the public perception of smoking today? Has it improved or gotten worse?

- Bans and sanctions have increased.
- Smokers are more self-conscious about lighting up.
- Anti-smokers feel bolder in attempting to make other peoples' decisions for them.

2022990824

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

39. What is PM doing to prevent discrimination against smokers?

- Support passage of privacy legislation at the state level.
- Today, 29 states and the District of Columbia have laws which prevent employers from discriminating against smokers who smoke away from the workplace.

40. How does PM feel about the elimination of ashtrays in some car models?

(N)
- It's unfortunate that America's 50 million adult smokers will be inconvenienced.
- Car makers have the right to run their businesses as they see fit; we question the wisdom of ignoring this enormous market.

41. A number of State Attorneys General have been calling for smoking bans in fast food restaurants, which are heavily frequented by minors. What is PM's response to these proposals?

(U)
- PM doesn't market cigarettes to minors and doesn't want them to smoke, but we oppose restrictions that unnecessarily limit the freedom of adult smokers.
- In restaurants, we favor the accommodation of smokers and non-smokers through designated smoking and non-smoking areas.
- Research shows that smoking and non-smoking areas do a good job of limiting the amount of smoke in a non-smoking area. Several studies have shown that a non-smoker would have to spend hundreds of hours in the non-smoking section of a restaurant to be exposed to the nicotine equivalent of one cigarette.

2022290825

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

42. Why are you building smoking lounges in airports? Are you going to be building more? Are you building them in cooperation with other tobacco companies?

(U)
- We are not building smoking lounges.
- Atlanta:
  - Unique opportunity to accomodate smokers at the airport in lounges (with separate exhaust systems) that the city would build if we helped fund them.
  - Funded with dollars normally used to pay for advertising space around the airport.
- Denver:
  - Entered into an agreement with a restaurant firm (Pour La France) to create 2 smoking lounges at the new Denver Int'l Airport.
  - PM will receive exclusive advertising rights in both lounges; Pour La France to provide food and beverage service. Atmosphere similar to VIP passenger lounges.
  - Believe lounges will set a new smoker accommodation standard in airports.
- Detroit:
  - We matched up a ventilation filter manufacturer with Host/Marriott, which operates a restaurant/bar at the airport.
  - Filter manufacturer is providing its filters free to Host/Marriott on a trial/demonstration basis, and the airport has agreed to allow smoking in the bar with the additional filters.
  - No PM involvement in this arrangement.

2022990826

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

ASSIST Program

43. What is the status of the ASSIST program? Are ASSIST funds being used for lobbying and if so, what are we doing about it?

- Project ASSIST is a federal program established three years ago designed to reduce the incidence of smoking in 17 targeted states. A total of $115 million is being spent over seven years on the project, with an additional $35 million contributed by the American Cancer Society. Three years have been devoted to research and preparation; the next four will feature implementation.
- ASSIST funds are distributed to the state boards of health which then disburse the funds to local anti-smoking groups that apply for support through project proposals.
- There has been some suggestion that ASSIST funds are being used for lobbying purposes, which would violate federal and, potentially, state regulations on the expenditures of federal funds. We are looking carefully at this matter.

Scientific

44. Is PM USA investigating alternative uses of tobacco?

(U)
- No. Such research is being done by some universities in the tobacco-growing states, but we are not funding it.

45. There are some studies indicating that nicotine is beneficial in preventing or ameliorating the effects of Alzheimer's disease. Is PM doing any research in this area?

- We are funding research into this issue at Case Western Reserve University in Cleveland, Ohio.

2022990827

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

46. The Centers for Disease Control and Prevention reported last September that every cigarette a smoker smokes takes seven minutes off his or her life. Is this true?

- Scientific research does not support that claim.

47. How do you respond to the Centers for Disease Control and Prevention which says that the tobacco industry needs to attract more than one million new smokers per year to replace those who have died or broken their addiction?

- About 30,000 adult smokers switch brands every day. That amounts to about $10 billion worth of business a year.
- The number of adult smokers in this country has been dropping by 2% to 3% each year. Still, more than 50 million adults smoke in this country.

"Fire Safe" Cigarettes

48. What is PM USA doing to produce a commercially marketable "fire safe" cigarette? What do you think our competitors will do?

- In 1990, Congress, instructed the Consumer Protection Safety Commission (CPSC) to provide a report on whether a commercially feasible "fire-safe" cigarette could be developed.
- PM USA, as well as other members of the industry, participated in the Technical Advisory Group to the CPSC that did the feasibility study. CPSC has submitted its report to Congress.
- Our R&D dept. is continuing to work on the issue of reducing the ignition propensity of cigarettes.
- Don't know what competitors will do.

2022290828

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

FDA Regulation

49. How do you respond to the FDA's statement and the news program, *Day One*, that there is growing evidence that tobacco companies deliberately maintain the level of nicotine in cigarettes at addictive levels?

(N)
- We fundamentally disagree with their outrageous statements.
- Tobacco is not "addicting" as evidenced by over 40 million people who have quit smoking without any professional help.
- Nicotine is a naturally occurring substance in tobacco. There is nothing done in PM's tobacco processing or cigarette manufacturing that increases nicotine in the tobacco blend. Conversely, the manufacturing process results in less nicotine in the final product than exists in the unprocessed tobacco.
- PM's products provide consumers with a range of choices in tar and nicotine levels. Consumer taste preferences resulted in products with lower levels of both tar and nicotine.
- The overall nicotine content in cigarettes has declined by more than 50% in the last 40 years.
- Nicotine levels for all cigarettes are measured pursuant to FTC methods and publicly displayed in every cigarette advertisement, in accordance with law.
- Both FDA and the courts have recognized that cigarettes should not be regulated by the FDA. Nothing has occurred which warrants a change in this policy.
- Each year all cigarette ingredients are reported to the Department of Health and Human Services as required by law.

2022990829

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

50. How does PM respond to proposals that cigarettes be treated like a drug and regulated by the federal Food and Drug Administration?

(N)
- When people say that the FDA should regulate cigarettes the way the Agency regulates prescription drugs, they're essentially talking about Prohibition.
- Prohibition didn't work for alcohol in the '20s, and it won't work for tobacco products in the '90s.
- No basis for treating cigarettes as if they were an addictive drug. They do not alter mood or impair perception.
- More than 40 million Americans have quit smoking and, according to the American Cancer Society, 90% did so without the aid of a formal smoking cessation program. They simply decided to quit and did so.
- This does not fit the pattern of addictive drugs.

51. How does PM respond to the charge made on the news program *Day One* that Philip Morris employs harmful non-tobacco additives in the manufacture of its cigarettes?

(N)
- Cigarette manufacturers have been supplying the Department of Health and Human Services (HHS) with ingredient information for more than a decade.
- HHS has given no indication that its review of cigarette ingredients has created any basis for concern.

2022990830

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

NSA

52. What is the National Smokers Alliance?

- The National Smokers Alliance (NSA) is a national non-profit organization made up of a broad section of American citizens who support smokers' rights.
- NSA members are politically active adults who support freedom of choice.
- Prevent discrimination of smokers.

53. Was NSA created by and is it a part of PM?

- No. It is a national consumer group with the goal to defend and protect smokers' rights, monitor legislative activity, provide information, and represent smokers with the media and elected officials.
- Coalition development experts (Burson-Marsteller) set up the organization to meet our consumers' need to have a smokers' rights organization.
- Barbara Rewey, media coordinator at the NSA. (703) 684-4842

54. How much has PM spent on NSA?

- We have provided the organization with a development grant. (**Confidential:** A total of $5.5 million in 1993 and 1994.)

2022290831

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Philip Morris International

INFACT

55. How do you respond to INFACT's threat to boycott KGF products if PM does not stop undermining public health efforts, and stop marketing and promoting tobacco to children worldwide?

(N)
- PM markets its brands to adult smokers — not to children.
- Tobacco Institute's "It's the Law" campaign educates retailers regarding their states' laws governing sales to minors and offers information on keeping cigarettes out of the hands of children.
- PM well understands the importance of all our freedoms—including a free press and speech—that speaks for and to the diversity of the country.
- KGF operates independent of tobacco company. A boycott of our food products is inappropriate.

NOTE: INFACT, a new player on tobacco issues, launched campaign in May 1993. Formerly known as Infant Formula Action Coalition. (INFACT went against Nestle for selling its infant formula in "Third World" countries without complete information. Then INFACT focused on GE's nuclear power business. In both instances, INFACT claimed victory when each company altered their operations—for business reasons, not as a result of INFACT's activities.) INFACT works with other anti-tobacco groups—particularly Dr. Greg Connolly's Stop Teenage Addiction to Tobacco (STAT) to taint the image of tobacco manufacturers. INFACT launched a postcard campaign in October 1993.

Confidential: To date, more than 6,000 postcards have been received by PM. In addition, INFACT recently started a telephone campaign. We are tracking calls.

2022990832

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

New Business

56. With the recent announced acquisitions, it looks like PM is shifting its manufacturing away from the US to other countries. Is this true?

- No. We prefer to export from the US.
- Local manufacturing is necessary in some countries, i.e., Turkey.
- No sudden shifting has occurred. PMI has been operating profitably in Eastern Europe for over 20 years. The long-standing relationships we have built are one reason for our success in winning international bidding opportunities created by governments actively seeking foreign investment.

57. The Czech government lifted its monopoly laws allowing foreign competitors into the market. Do you expect this to affect our business there dramatically?

- Our established presence, brand recognition and distribution give us competitive advantage.

2022990833

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

58. Has the political instability in the former Soviet Union affected PM's business there?

(U)
- We view the events as a strong move towards democracy and a free market economy in the long-term.
- We are continuing to do business in Russia and our current business is growing and profitable. We are closely monitoring the situation and will take appropriate action as needed.
- With our start-up in Samara (June 1992), we were the first joint venture in the Russian Republic to produce an international brand.
- In St. Petersburg, a 1 billion unit make/pack facility will be operational in summer 1994. We also have plans for a separate 10 billion unit greenfield site.
- In 1993, PMI invested in Lithuania and Kazakhstan.
- We acquired 49% of the Krasnodar Tobacco Factory in 1993.
- To date (2/14/94) our total investment in Russia is $12 million.
- We expect that the business environment will continue to be volatile, but are confident that there is enormous business potential.

Pricing

59. Is the Marlboro Friday announcement having any affect on PM's International business?
- No. Pricing change was a response to the US market circumstances unrelated to international markets.

60. Has Marlboro's image been "tarnished" internationally as a result of "Marlboro Friday?"

(U)
- No. Marlboro remains the best selling cigarette in the world, posting more than an 8 billion unit increase from the year before.

2022990834

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

61. "Marlboro Friday" indicated that the price gap in the US was too large. Is Marlboro's price gap under review globally?

- Price gaps are managed on a market-by-market basis.
- Ferociously defending the premium segment in all markets.
- Volume continues to grow—Marlboro's international volume increased over 8 billion units in 1993.

62. Given PM's experience in the US, will PM try to introduce "discount brands" into the international arena?

(U)
- Price tiers in the cigarette markets outside the US have existed for decades. We have brands in numerous tiers.

63. Given that PMI's markets' margins are slimmer than in the US, how does PMI intend to expand profitability?

- Earnings grow in all our regions primarily through volume growth.
- Growing brand franchise and aggressively reduced the cost of doing business in our established markets (primarily OECD).
- In other markets, increasing volume through organic growth and strategic acquisitions.

Export Volume

64. Why has international export volume growth slowed?

(N)
- We moved production from the US to our new factory in Torbali, Turkey to avoid discriminatory duty on US cigarettes (90%).
- Our year on year growth rate in Japan has slowed after the initial surge from market access.
- We are again showing growth with the recent introduction of the new brand "Next."

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Operating Margin

65. As Eastern Europe and other lower margin markets continue to open, will PMI operating margin growth slow down or even begin to decline?

(N)
- A reduction in operating margin does not mean a slowing of profit growth. Our operating margin growth will slow as we expand into lower margin markets.
- Our core business remains strong and our investments in these new markets will show good returns in the long term.

Fiscal Policy

66. Has smuggling increased in Canada as a result of the higher Canadian cigarette taxes?

- Due to the reported increase in contraband activity, the Canadian government lowered federal excise taxes on cigarettes. This move acknowledges what we have been contending all along; the only thing that results from exorbitantly high increases in excise taxes are windfall profits for smugglers.

Marketing

67. I read in the paper that PM was fined in Hungary for illegal marketing practices. Was this the case, and if so, why?

(U)
- PM was fined as were several other companies. We have decided to appeal the case in which the government's "competition bureau" ruled that certain PM advertisements in newspapers were "anti-competitive."
- In most of Central/Eastern Europe, existing legislation governing advertising needs to be adapted to the realities of a free-market economy.

(Further comment is inappropriate as litigation is on-going.)

2022690836

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Smoking Restrictions

68. With the increase in marketing and public smoking restrictions, is PMI in danger of losing some of its business?

- Not necessarily. PM has grown in markets where advertising is severely restricted (Italy, since 1962 and Finland, since 1978).
- Advertising has been virtually non-existent in Central and Eastern Europe, where we have been doing business for over 20 years.
- PMI enjoyed growth in 1993 in most major markets. Total international volume was up 9% in 1993.
- [IARC (International Agency for Research on Cancer): Currently, there is a case-control study which has been started in 11 collaborating centers in Europe to investigate the relationship between exposure to environment tobacco smoke and to other environmental risk factors (occupational exposures, air pollution, diet) and the risk of lung cancer in subjects who have never smoked tobacco. Results are not expected until early 1995, however leaks are anticipated in 1994.]

Advocacy Issues

69. The "anti-industry" forces have appeared to be "gaining steam" worldwide. Has this affected your international business as it has in the US.

(U)
- These groups have expanded their efforts.
- Our business continues to grow.
- A good example is Australia, the most extreme anti-smoking environment in the world. Our brand Longbeach is now the No. 1 brand in the market.
- PMI enjoyed growth in 1993 in most major markets. Total volume was up 9% in 1993.

2022290837

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Marley

70. What is the company's position on its "Marley" trademark in France? Is the name being used in anticipation of marijuana legalization?

- PM has registered the trademark "Marley" in France.
- We chose the name "Marley" for competitive reasons.
- The name was not chosen with marijuana legalization in mind.
- We do not feel that Bob Marley Music Inc.'s exclusive claim of the name "Marley" across varied product lines is a valid one.
- It is our opinion that the French laws will not support the claims by Bob Marley Music Inc.

2022990838

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

ACQUISITIONS & DIVESTITURES

Rev. 3/23

Beer

1. Does your recent acquisition of and involvement in Molson and FEMSA signal an increased interest in the international beer market?

(U)
- Yes, our 20% share of Molson Breweries, allows us to increase global presence.
- Our 7.9% share of FEMSA helps us share in the success of one of Mexico's largest consumer goods companies with holdings in brewing (Dos Equis, Carta Blanca, Tecate, and Superior), Coca-Cola bottling, and convenience stores.
- Miller Genuine Draft introduced in Puerto Rico in September 1992, and has captured more than 30% of the Puerto Rico beer market and is now the #1 brand.
- MGD was also successfully introduced in the United Kingdom and Ireland.
- Miller is the first foreign brewer to have its beer brewed in Beijing, through a licensing agreement with Shuang He Sheng Five Star brewery.
- Our products are available in more than 75 countries, through exporting, exclusive partnerships, and joint ventures.

2023990839

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Food

2. What KGFNA acquisitions and divestitures took place during 1993?

   - We acquired:
     - Nabisco's North American ready to eat cereal business
     - Nabob coffee business in Canada
   - We divested in the US:
     - Ice cream and frozen vegetables

3. In 1993 you sold Birds Eye and ice cream. How large were the gains and how were they recorded?

(N)
   - Sold Birds Eye to Dean Food for $135 million and realized a gain of $8 million on the sale.
   - Sold the ice cream business to Unilever for $262 million and realized a gain of $27 million on the sale, net of $100 million transaction costs.

4. Do you think the climate is becoming more hostile to mergers and acquisitions overseas?

   - No, but as we focus our acquisition activity on our core businesses, we will encounter more legal and public interest scrutiny due to our size and market share.

2022990840

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Tobacco

5. How is our tobacco business doing in Central/Eastern Europe. Will all these investments pay off?

(U)

- PM is profitable in Central and Eastern Europe. Our 20 year presence in this region has given us an exceptional understanding of the consumers, politics, and economics of the region.
- The Czech & Slovak Republics: Almost $400 million was invested in Tabak. On an operating basis, Tabak is already profitable. Marlboro is the largest international brand at the premium end of the market. Tabak also has 3 of the top 4 brands on the market (Petra, Start, and Sparta). These have been extended to filter, lights, and other variants. Tabak's market share in the Czech Republics is almost 70%.
- Hungary: The performance of our affiliate EGRI is ahead of the original acquisition plan and performing profitability.
- Lithuania: Our acquisition of the Klaipeda State Tobacco Company was completed in June of 1993.
- St. Petersburg: Two phases; First, a 1 billion unit make-pack facility will be operational by summer 1994. Second, a 10 billion unit greenfield site, still to be determined.
- Krasnodar: In October 1993, PM acquired a 49% shareholding in the Krasnodar Tobacco Factory. We currently own a majority stake (51%) and our total investment is expected to reach approximately $60 million over the next several years.

(Continued)

2022290841

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

- Kazakhstan: Agreement closed at the end of 1993 with the Kazakh authorities of the Almaty Tobacco Factory. We own 98% of shares.
- Exports: We are growing export volume in Bulgaria, Romania, and those parts of the former Yugoslavia where the market is not closed due to UN sanctions.
- Poland: We have good ongoing relations with our licensee ZPT Krakow. We have publicly expressed our interest to invest in Poland, but are waiting for the government to begin its privatization of the tobacco industry.

2022290842

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Marketing Practices

1. How does the company respond to efforts to reduce product placement in movies and place warnings at the beginning of films?

   - The FTC denied to propose rule making in this area, thus rejecting the petition by anti-alcohol groups.
   - Our company responds to requests from movie companies which desire to have authentic products depicted in their movies as a natural part of a scene.
   - What we pay for is to have our brand identified instead of someone else's.
   - We do not authorize product placements for tobacco.

Ethnic Marketing

2. Will PM contribute to the "rebuilding" of South Central L.A. and the relocation of African-American alcohol beverage businesses throughout the country?

   - **Confidential**: CEOs of A-B, Coors, and Miller received requests from Mayor Bradley and the South Central L.A. task force of African- and Asian-Americans to participate in the rebuilding of this area of the city, and the reallotting of licensed beverage stores throughout the country. To our understanding, no brewer responded in the affirmative on this.

2022990843

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Television Violence

3. Is there a need for Congress to pass legislation that regulates the responsibilities of advertisers in the area of TV violence?

- PM does not believe this type of legislation is warranted.
- Congress should encourage the broadcast networks and the program producers to address problems in this area.

Beer

Magnum Malt Liquor

4. Is Miller promoting violence with its marketing of Magnum Malt Liquor?

(N)
- No. Miller markets appropriately and responsibly to adult beer drinkers.
- Category represents only 2.8% of our brand portfolio and is supported by very little advertising.
- Availability of malt liquor products is not a contributing factor in crime and violence. Issues facing inner cities are much deeper than advertising, a visible and convenient scapegoat. Critical issues will not be resolved by band-aid solutions like availability and advertising control.
- Study suggests a reversal of the usual perceived linkage showing that youthful aggressive behavior predicts heavy drinking far more forcefully than drinking predicts aggression. Aggressive people act that way with or without alcohol and do so throughout their lives. This could, in part, account for the high rate of co-called "alcohol-related" crimes. They may have been committed by people who are aggressive for other reasons. (Study by Dr. Dwight Heath, Brown University - reported February 1994)

2022990844

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

40-Ounce Containers

5. Is Miller promoting alcohol abuse with its 40-ounce containers that are treated as a single serving in African American and Latino communities?

(N)
- No. Miller markets appropriately and responsibly to adult beer drinkers.
- Studies found that control of the availability of alcohol beverage does not solve the problem of alcoholism. Rather, it is individual behavior, not the product, that causes the problem.
- The US seems to have entered a new wave of prohibition, manifested by the belief that alcohol problems can be alleviated by controlling alcohol supply.
- States that have the strongest cultural biases against alcohol beverages tend to be the same states that experience the most problems. Conversely, states with the most liberal attitudes and laws towards alcohol beverages have the lowest rates of alcohol problems, suggesting that factors, other than availability, determine high alcohol abuse. (R. Thomas Dull, Ph.D., Dept. of Criminology, CA State Univ.; David J. Giacopassi, Ph.D., Dept. of Criminal Justice, Memphis State Univ., April 1986.)
- To understand drinking behavior and alcohol problems as the dynamic processes they are, we must take into account a multitude of social, cultural, and attitudinal variables, not just availability which has not been scientifically proven to cause abuse. (Study challenges the distribution of consumption prevention model. A.S. Linsky, J.P. Colby, and M.A. Straus, Dept. of Sociology, Univ. of New Hampshire.)

2022990845

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

6. Is it a company's responsibility to be sensitive to community issues when designing an advertising strategy?

- We adhere to voluntary industry advertising guidelines.
- We have established our own high standards for marketing program content.

7. What is your response to critics who want to dictate how a company advertises/markets its products such as those who want to prevent alcohol companies from saturating minority communities with their advertisements?

- We will continue to develop meaningful information campaigns and educational programs, to encourage responsible consumption by adult beer drinkers.

Big Lawyer Roundup

8. What is PM's comment regarding the American Bar Association's reaction to Miller Lite's "Big Lawyer Roundup" commercial?

- Not intended to misrepresent or offend any particular group or individual.
- Humorously reinforces that if you can combine great taste and less filling, you can combine anything.
- We've combined golf and football in *Full Contact Golf*, hockey and a beauty pageant in *Miss Perfect Face-off*, sumo wresting and high diving in *Sumo High Dive*, luge racing and bowling in *Luge Bowling*, and a dog show and drag racing in *Wiener Dog Winternationals*.

2022990846

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Target Marketing

9. How do you define target marketing? Why do consumer products companies use this marketing technique?

   - Market segmentation directs relevant messages to key audiences.
   - A marketing tool that has been used by consumer products companies for many years.

Advertising Restrictions

10. What about proposals to restrict beer advertising?

   - Beer has been part of civilization for 6,000 years, and it's common knowledge that there are risks and consequences from abusive consumption. We have a multi-faceted alcohol awareness and education program to remind consumers of the risks and to promote responsible drinking.
   - Miller markets appropriately and responsibly to adult beer drinkers.
   - Advertising affects brand performance, not consumption or abuse. (Government studies and independent researchers.)
   - Warnings are the least effective way to fight abuse; and education (through schools, family, and law enforcement) is the most effective. (1990 Roper Poll)

11. Are you sensitive to the criticism by urban community leaders that there is too much alcohol advertising in inner cities? Will the company scale back billboard advertising in these communities?

   - Billboard advertising represents less than 1% of the total industry's advertising efforts.

2022990847

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Food — KGFI

12. How much does KGFI spend in marketing each year, as a percentage of revenues?

    - $750 million, (Advertising $566, Consumer $182)
    - 8% of revenues.

Tobacco

PM USA

13. Why should PM or any other tobacco company be permitted to continue to advertise?

    - Tobacco is a legal product, and truthful speech about tobacco is protected by the US Constitution.
    - PM advertises its products to adult consumers to persuade them to try and switch to our brands.
    - Free speech.

Minority Marketing

14. Does PM "target" women and minorities with advertising and promotion activities?

    - We communicate with all adult smokers, which include all segments of the US adult population.

15. Why does PM USA place billboards advertising its cigarettes in minority neighborhoods?

    - A variety of media, including billboard advertising.
    - Local zoning laws determine where billboards may be placed, and PM complies with all such laws.

2022390848

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Marketing to Minors

16. Isn't it true that you target your advertising and promotion to minors?

- No.
- We have a stringent company code requiring that all models in our advertising be over 25 and look it.
- We never pay celebrities or sports figures to endorse cigarettes in our advertising.
- More than 25 years ago, we ceased advertising in college publications or in any media whose primary audiences is under 18.
- We encourage state governments to establish 18 as the minimum age for the legal purchase of tobacco products.
- Tobacco Institute's "It's the Law" campaign educates retailers regarding their states' laws governing sales to minors and offers information on keeping cigarettes out of the hands of children.
- We aggressively pursue all cases of logo, trademark and copyright infringement brought to our attention.
- We manufacture branded promotional clothing items in adult sizes only, and we require anyone receiving branded promotional items through the mail to sign a certificate affirming the recipient is a current smoker at least 21 years of age.

17. Should Congress ban the use of cartoon characters in tobacco ads?

- PM USA does not use cartoon characters in our ads.
- Such a ban raises serious First Amendment issues.

2022390849

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Tax Deductibility

18. Many anti-smoking groups argue that tobacco advertising influences children to smoke. In considering this statement, why shouldn't the federal government restrict the tax deductibility of tobacco advertising and thus end the "subsidy" of marketing products to our youth?

- We advertise to maintain customer loyalty.
- To encourage smokers of other companies' products to switch to our products.
- By eliminating the tax deductibility, the government would be influencing consumer choice by restricting the flow of truthful information about a lawful product.
- Such use of the tax code raises serious First Amendment issues.

19. Why shouldn't health warnings be required whenever a tobacco brand or logo appears on non-cigarette products such as hats or T-shirts?

- Existing warning label requirement has been successful.
- Extension to non-tobacco products is unnecessary.
- Virtually everyone is aware of the information contained in the warnings on packages and in advertisements.

20. Where is the heaviest pressure for advertising bans or restrictions?

- Local laws restricting cigarette advertising.
- Outdoor and transportation advertising.

Voluntary Code on Advertising

21. The tobacco industry has a Voluntary Code on Advertising and Promotion. Does PM USA adhere to the Code?

- Yes.
- A comprehensive internal review and pre-approval process for all tobacco advertising and promotions.

2022990850

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

22. If PM USA complies with the Code, why not support federal legislation mandating compliance with the Code?

- PM USA complies with the Code and therefore believes that no legislative action is necessary.

23. PM USA launched the Marlboro Adventure Team promotional campaign, which appears to involve "rigorous physical activity." Do you feel that this campaign complies with the Voluntary Code's prohibition against the use of sports figures or persons smoking while engaging in physical activity?

- In conformance with the Code, the campaign did not use well-known athletes.
- It did not show anyone smoking as they participate in these activities.
- The program specifically stated that participants must be 21 years of age or older and be smokers.

24. If tobacco advertising does not seek to attract new customers, why does PM USA spend any money on advertising and promotion?

- To maintain customer loyalty.
- To encourage smokers of other companies' products to switch to our products.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

PM International

25. We hear a lot about the marketing of tobacco products overseas. What "rules" govern our marketing of products in foreign countries?

- PM abides by the laws of the countries in which we are importing our products.
- Often negotiated trade agreements prescribe the "rules" governing our entry into a market.

26. I understand that there is a threat to Marlboro sponsorship Formula 1 racing. What will happen if we lose this?

- As far as we are concerned, there is no threat to our sponsorship.
- It is continuing as planned.

Marketing to Minors - International

27. Isn't it true that PM is marketing to youth and children in other countries, like China? Why does PM use double standards when marketing to different countries?

- No. We adhere strictly to our own marketing code which prevents such marketing and establishes the means for responsible marketing.
- With the Chinese monopoly controlling an approximate 99% share, our goal is to have a greater share of this market.
- There is no "special customization" of our basic marketing strategies to target China.

2022290852

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

28. With the increase in marketing restrictions around the world, what is PM doing to ensure that brand information/communication is passed on to the consumer? (i.e., What is PM doing to maintain its brand value around the world?)

- We market our products in strict compliance with all the laws and regulations established by the governments in the areas of the world in which we do business.

2022990853

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

COMMUNICATIONS *Rev. 3/8*

1. Why is PM not more aggressive in defending itself from adverse publicity?
   - In some cases, no comments keeps the story from becoming bigger.
   - There are behind-the-scenes activities with various publications and broadcast outlets. We recently met with the publisher and top editorial members of The New York Times, to discuss overall PM operations.
   - PM has a program involving ongoing outreach between reporters and senior executives.
   - Prior to every major announcement PM holds media briefings with leading newspapers and magazines.
   - The communications departments of all PM operating units provide up to date information to all inquiring reporters.

2. What influence does PM have on matters of public policy or social issues?
   - Responsible companies should make themselves heard on public policy issues.
   - We communicate our points of view, but we don't control the results.

2022990854

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

3. The restructuring announcement on November 24, 1993 seemed to only emphasize layoffs and after tax charge against earnings. How come there wasn't a discussion of increasing profits by taking costs out of the business?

- The announcement did mention that the restructuring plan:
  - Significantly reduces our cost structure.
  - Improves future growth, profitability, and cash flow.
  - Is designed to generate after-tax annual savings of about $600 million by 1997.
  - Is expected to provide the company a payback period of around three years.

4. You elected a new director to the Board (Stephen Wolf) but we saw nothing in the newspaper.

- The announcement of Steve's election to the Board did receive press coverage, but it came on the same day as our restructuring announcement.

2022990855

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

CONTRIBUTIONS

Rev. 3/25

1. What is PM's charitable contributions policy?

(N)
- Corporate giving program focuses on education, hunger and nutrition, and the arts.
- Focus has helped improve our already highly respected and distinguished program.
- Our giving program is based on our desire to:
  - — Advance broad social issues.
  - — Further our goals as a private corporation.
- Board of Directors supports our philanthropic initiatives and support grants that help advance our program.

PHIL-PAC

2. How much money did the Philip Morris Political Action Committee (PHIL-PAC) raise in 1993?
   - In 1993, raised $481,213.58. Carried over $49,419.40 from 1992.
   - In 1993, contributed $467,362.24 including contributions to 254 candidates.
   - In 1992, contributed $548,059.33 including contributions to 280 candidates for federal office.

3. How many Democratic and Republican candidates did PHIL-PAC support in 1993?
   - 141 Democrats ($173,673). 113 Republicans ($119,449).
   - Remaining funds to federal and state committees, state and local candidates and operating expenses.

4. Does PHIL-PAC support candidates for presidential office?
   - No.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

5. What was the cost for administration of PHIL-PAC in 1993?

- $118,871 for administrative expenses and solicitations.
- $116,581 for salaries and fringe benefits. (Charged to Corporate Affairs budget, not to PAC.)
- Relative to receipts, above sums are low.
- Average PAC's come in around $1 in receipts for $1 of expense.
- We raise $1 for every 49 cents spent.
- These expenses do not come out of personal contributions.

6. Did PHIL-PAC contribute to Senator Jesse Helms in 1993?

- No.

KGF PAC

7. How much did KGF's PAC contribute to Republicans and Democrats in 1993?

- Total of $16,750, $11,750 to Republicans, $5,000 to Democrats.
- Contributed $8,500 to other committees.

Philanthropic Contributions

8. What were our philanthropic contributions in 1993?

- $55,500,000.

9. What percentage of income does that represent?

- 0.78% of domestic pre-tax income
- 0.57% of worldwide pre-tax income.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

10. Does the company use the contributions program to target Black organizations in an effort 'buy' their support?

- No. In the 1930s, PM was among the first companies to hire African Americans for other than "menial" jobs.
- In the 1950s, we began the process of integration of the unions in our southern plants.
- Desegregation of our facilities occurred before the law required it and before other corporations did.
- Financial support for Black organizations dates back to 1944, when senior PM executives supported the United Negro College Fund.
- We support the National Urban League. (Contributions to it and other organizations were made at a time when the company was in last place in our industry and could least afford to provide this financial support. Now, as one of the largest American corporations, we are one of the most active.)

11. Why does PM make substantial contributions to the African-American and Hispanic communities?

- PM markets to a diverse universe of consumers.
- The company supports cultural, educational, social, and health programs that benefit the entire community of our consumers.

2022990858

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

12. How much did the company expend in support of AIDS organizations for 1993?

- Contributed $868,660.
- Since 1990, the company has committed $1.0 million each year to support efforts within these AIDS categories:
  - — Research
  - — Education/Prevention
  - — Care

13. Were contributions made in 1993 to organizations with which members of the Board of Directors are affiliated?

- Yes. (See attached list at end of this section.)

14. How much did the company expend on the arts in 1993, exclusive of charitable contributions to arts programs approved by the Corporate Contributions Policy Committee?

▪ Total Cultural Affairs (includes salaries, fringes & project expenses)	$3,133,962
▪ Total Cultural Advertising	$2,877,349
▪ Total Contributions to the Arts	$13,317,788

2022990859

Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

15. Which organizations were the recipients of the largest charitable contribution grant in 1993?

EDUCATION

Foundation for Independent Higher Education (FIHE) **$500,000**
(Teacher Training for Minorities)

HEALTH AND WELFARE

Food Research and Action Center (FRAC) **$1,050,000/3 years**
To expand the Campaign to End Childhood Hunger
(1st payment of $250,000 paid in 1993)

THE ARTS

Brooklyn Academy of Music **$1,500,000/3 years**
To establish the PM Next Wave Forward Fund
(1st payment of $500,000 paid in 1993)

CONSERVATION AND ENVIRONMENT

Federal Focus, Inc. **$200,000**
To collect and analyze data relating to the assessment of costs/benefits of environmental regulations: make information available to public and government officials; develop recommendations.

CIVIC AND COMMUNITY

Citizens for a Sound Economy Foundation **$300,000**
Renewal of general support

MISCELLANEOUS

ETV Endowment of South Carolina **$180,000**
"Technopolitics" series

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

16. Has there been an increase in contributions to organizations involving minorities?

(U)
- PM contributes to a wide spectrum of charitable organizations and programs intended to help women, African-Americans, Hispanics and other classes.
- Total 1993 contributions to protected classes were $11,045,946, slightly higher than the 1992 total of $11,033,544.
- 1993 contributions to programs intended to help protected classes were:

Physically Challenged	$356,629
Drug/Alcohol	336,990
Elderly	400,280
Minorities	4,371,335
Women	409,466
Veterans	28,500
Total	$5,903,200

- 1993 contributions to minority organizations were $5,142,746.

  (Total contributions to minority organizations were $11,033,544 in 1992 and $4,708,328 in 1991, increase in 1992 due to inclusion of KGF data not available in 1991.)

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

17. How much did the company expend on charitable contributions in other areas in 1993?

	($ in millions)
The Arts	$13.6
Civic & Community	5.2
Conservation & Environment	1.2
Education	15.3
Health & Welfare	13.0
Miscellaneous	0.9
Total Grants	$49.2
Matching Gifts	6.3
Total 1993	$55.5

Project Awareness

18. Has PM contributed to "Project Awareness"?

- In 1993, we made a $125,000 contribution representing the 3rd and final payment of a 3-year $375,0000 pledge to the Chesterfield County Public Schools.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Disaster Relief

19. Has the company contributed to disaster relief appeals?

(U)
- Yes. The company has an active policy of contributing to disaster relief appeals both domestically and internationally, and budgeted $700,000 in both 1993 and 1994.
- Company contributed $170,000 to disaster relief appeals in addition to product donations (i.e. water shipments) in 1993:

American National Red Cross - Jefferson City, MO	$50,000
American National Red Cross - Sioux Falls, SD	25,000
American National Red Cross - Adams County Chapter Quincy, IL	5,000
American National Red Cross - Loudon County Chapter Lenoir City, TN	5,000
American National Red Cross - Grand Folks, ND	10,000
American National Red Cross - Milwaukee, WI	15,000
City of Petersburg Virginia Tornado Relief Fund Petersburg, VA	25,000
Caritas Relief for Croatia - New York, NY	15,000
Iowa Flood Relief Fund - Des Moines, IA	20,000
TOTAL	**$170,000**

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

20. What has PM done for the 1994 California earthquake victims?

(N)
- Miller's Irwindale Brewery delivered bottled water to earthquake shelters.
- KGF contributed non-perishable foods.

United Way

21. Have there been any more repercussions from the United Way scandal?
    - The new president, Elaine Chao, has implemented a number of policy changes that have eliminated several abuses.
    - She has cut the budget by 10%.

22. What percentage of our corporate gift goes to the United Way's member agencies and what percentage goes to administrative costs?
    - 84% goes to member agencies.
    - 16% goes to administrative costs.

23. Do our dollars go to all the organizations or does the corporation as a whole designate that the dollars not go to The American Cancer Society, American Lung Association, or any other organization that is anti-PM?
    - We currently cannot target our corporate gift to the United Way.
    - We are working to change this procedure.

24. What if an employee designates that his/her donation be given to an organization that is anti-PM?
    - We cannot prevent this from happening.

25. What did we give to United Way in 1993?
    - $3,417,121 was contributed in 1993.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

26. How long have we supported United Way?

- Since 1956, PM Companies Inc. contributed a total of $21,905,008 to United Way chapters in our plant communities.
- GF contributions from 1985-88 not included.

KGF Contributions

27. Does KGF have a charitable foundation?

- Contributions are made through the corporate contributions program similar to the rest of PM Companies.

28. How much money did KGF give to charities in 1993?

- KGF contributed $14,565,000 in cash donations. (This figure is included in the overall $55,500,000 contributions budget for PM Companies Inc.)

29. Does KGF give away product as well as cash?

- Food products are contributed to non-profit organizations.
- Second Harvest National Food Bank Network is used as the vehicle for making in-kind donations.

30. Can you give specifics for KGF's contributions in 1993?

- Hunger and Nutrition $7,301,699
  Education $5,009,712
  The Arts $2,833,393
- KGF also assists non-profit agencies concerned with needs of minorities, women and the handicapped.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

KGFI Contributions

31. How much does KGFI spend on contributions to charitable organizations?

- Approximately $2 million spent in 1993 from KGFI's operating budget.
- Supports variety of activities including:
  - — Alp Action Program to help reforest Europe's Alps as a result of environmental damage.
  - — International Special Arts Program
- On behalf of Kraft Jacobs Suchard, PM Companies made the following contributions:

Opera House, Bratislava $50,000

For the 1993-94 season and ticket-subsidy out-reach programs

Museum of American Folk Art $75,000

Sponsorship pledge for the international tour of the Swiss Folk Art exhibition to Zurich and Neuchatel. This amount will be sent to the Landes Museum in Zurich, the organizers of the Swiss version of the exhibition.

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Retirement Date	Director	Other Directorships
1992	**H. Maxwell** Chairman of the Executive Committee Philip Morris Companies Inc. Training/Experience marketing	America-European Community Association - **$170,000** American Friends of Cambridge University Bankers Trust Company Bankers Trust New York Corporation Foreign Policy Association Insititue for Advanced Study New York Public Library - **$75,920** The New York Society for International Affairs, Inc. - **$10,000** The News Corporation Norton Gallery Overseers Cornell University Medical Center

Retirement Date	Director	Other Directorships
1994	**J. A. Cordido-Freytes, Ph.D.** Member Betancourt, Cordido & Associates, Caracas, Venezuela, Attorneys; President C.A. Tabacalera Nacional Training/Experience law, education	None

Retirement Date	Director	Other Directorships
1994	**T. J. Moore, Jr.** Counsel Hunton & Williams Attorneys-at-Law (Formerly Chairman & CEO Dominion Resources, Inc., now retired) Training/Experience law, utilities	Central Fidelity Banks, Inc. Colonial Williamsburg Foundation (Trustee) - **$63,000** Dominion Resources, Inc. Enron/Dominion Cogen Corp. GTE Corporation Richmond Renaissance Incorporated - **$30,000** Virginia Foundation for Independent Colleges (Trustee)

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000

Retirement Date	Director	Other Directorships
1995	**P. W. Douglas** Retired Chairman & CEO The Pittston Company Training/Experience economics, finance	George C. Marshall Foundation (Trustee) Holmes Protection Group International Center for the Disabled (Trustee) - **$7,500** MacMillan Bloedel Ltd. (Vancouver) New York Life Insurance Company Phelps-Dodge Corporation St. Lukes Roosevelt Hospital (Trustee) United States Trust Corporation & United States Trust Co. of New York

Date	Director	Other Directorships
1996	**H. Brown, Ph.D.** AMAX, Inc. Counselor Center for Strategic and International Studies (CSIS); Partner, Warburg, Pincus and Company (Formerly: Chairman, Foreign Policy Institute The Johns Hopkins University School of Advanced International Studies; U.S. Secretary of Defense; General Partner, Warburg, Pincus & Company) Training/Experience physics, university administration, military research, government	Arnold and Mabel Beckman Foundation California Institute of Technology (Trustee) CBS, Inc. Cummins Engine Co., Inc. Evergreen Holdings, Inc. IBM Corporation Mattel Inc. Rand Corporation (Trustee) Trilateral Commission (North America)

Retirement Date	Director	Other Directorships
1996	**J. M. Richman** Counsel Wachtell, Lipton, Rosen & Katz Attorneys-at-law (Formerly Chairman and CEO) Kraft General Foods) Training/Experience law, food manufacturing, marketing	Continental Bank Corporation Continental Bank N.A. Evanston Hospital Corporation - **$25,000** The Johnson Foundation Northwestern University (Trustee) - **$78,000** R.R. Donnelley & Sons Company USX Corporation

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Source: https://www.industrydocuments.ucsf.edu/docs/gpvl0000